

ORIGINAL

Jeff Daniels
Dianne Daniels
(928) 478-0010



173 S. Blackfoot Rd.
Colcord Estates
HC2 Bx 164-H
Payson, AZ 85541



August 21, 2008

Elijah Abinah
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

AUG 22 2008

DOCKETED BY	<i>mn</i>
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Re: Utility Systems, LLC. dba Gardner Water - Application For A Rate Increase, Docket No. W-20459A-08-0167

Third Letter Of Deficiency

Mr Abinah,

In response to your third letter of deficiency I have found that bills were counted incorrectly. I have emailed Mr. Eaddy a copy of the Excel spreadsheet that I used to recalculate the bill count. I have also included in this submission bill count worksheets reflecting the corrections.

Below are our answers to questions that are not sufficiency items but information requested by staff.

- Operating and administrative Items used by Gardner Water that are also used for Christopher Creek Haven are as follows:
 - Office furniture; a desk and chair, an adding machine, a phone and a computer printer.
 - 2006 Dodge pickup

The basis for allocating costs are 50/50 between the two entities because they are mostly used equally for each.

- Your request for explanation of allocated expenses between the two entities of Gardner Water and Christopher Creek Haven are as follows. Where multiple expenses were made for the same purpose a description of the entire account is provided. Expenses are allocated between each entity based on customer ratio (65/35 %) or equally (50/50 %). As per our conversation I will limit this list to expenses of \$150 or more.
 - All account 601 Salaries and Wages are divided 65/35 %

- Under account 620 Repairs and Maintenance there was only one expense allocated for a kerosene Heater, tubing and hoses to be used to thaw frozen water lines. The total Expense was \$393.86. It was split 50/50 % and each entity paid \$196.93. The receipt from Home Depot is included in this submission and was previously submitted appropriately.
- Under account 630 Outside Services there were two partial payments made to Dudley and Holoman for Tax Accounting services. The total expense was for \$1900 split 50/50 % between the two entities. Two payments were made, one for \$500 and one for \$450. The receipt for this expense was previously submitted appropriately.
- Under account 657 General Liability:Auto Insurance Expense a reimbursement payment was made to Jeff and Dianne Daniels for a total of \$1100. This was split 50/50 % for \$550 each. The insurance policy is in our personal account to save on expenses.
- Under account 675 Miscellaneous Expense there were two expenses made to Jeff and Dianne Daniels for reimbursement of expenses. One for a total of \$318.40 for internet fees, split 50/50% charging each entity \$159.20. The other for \$400 in telephone expenses for the second business line and long distance. Invoices for the reimbursements are included with this submission.
- All expenses under account 408.2 Sales tax payment were allocated on a customer base 65/35 % ratio. Sales tax is dependent on number of customers and customer usage therefore we split it accordingly.
- Two of the sub account expenses under account 427 Interest Expense were allocated on a 50/50 % basis. These are for payment of loans used equally between the two entities. The third expense to Pioneer Title - Lendzion GWC is explained below.
- The Outside Service Expense and Interest Expense for Pioneer Title - Lendzion - GWC is the loan service fee charged by Pioneer Title for the loan used to purchase Gardner Water. This loan is held by the previous owner Gerald Lendzion.
- The 2006 Dodge is used completely for business. We have another vehicle for personal use. Additionally, with the price of fuel and poor gas mileage of a full sized truck we occasionally use our personal vehicle for business.
- There were only 2 invoices for account 675 Miscellaneous expense in excess of \$150. These were for reimbursement of internet access fees and telephone expenses used for business.

Thank You,



Jeff Daniels

cc: Darak R. Eaddy

Company Name: <i>Utility Systems, LLC/Gardner Water</i>	Test Year Ended: <i>Dec. 31, 2007</i>
Meter Size: <i>5/8" x 3/4"</i>	1 st Quarter Ended: <i>Mar. 31, 2007</i>

BILL COUNT WORKSHEET 1ST QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 1 ST QUARTER
- 0 -	<i>121</i>	<i>121</i>
1 to 1,000	<i>95</i>	<i>95</i>
1,001 to 2,000	<i>19</i>	<i>19</i>
2,001 to 3,000	<i>11</i>	<i>11</i>
3,001 to 4,000	<i>13</i>	<i>13</i>
4,001 to 5,000	<i>3</i>	<i>3</i>
5,001 to 6,000	<i>2</i>	<i>2</i>
6,001 to 7,000	<i>2</i>	<i>2</i>
7,001 to 8,000	<i>1</i>	<i>1</i>
8,001 to 9,000	<i>1</i>	<i>1</i>
9,001 to 10,000	<i>0</i>	<i>0</i>
10,001 to 12,000	<i>1</i>	<i>1</i>
12,001 to 14,000	<i>1</i>	<i>1</i>
14,001 to 16,000	<i>0</i>	<i>0</i>
16,001 to 18,000	<i>0</i>	<i>0</i>
18,001 to 20,000	<i>0</i>	<i>0</i>
20,001 to 25,000	<i>1</i>	<i>1</i>
25,001 to 30,000	<i>0</i>	<i>0</i>
30,001 to 35,000	<i>0</i>	<i>0</i>
35,001 to 40,000	<i>0</i>	<i>0</i>
40,001 to 50,000	<i>0</i>	<i>0</i>
50,001 to 60,000	<i>0</i>	<i>0</i>
60,001 to 70,000	<i>0</i>	<i>0</i>
70,001 to 80,000	<i>0</i>	<i>0</i>
80,001 to 90,000	<i>0</i>	<i>0</i>
90,001 to 100,000	<i>0</i>	<i>0</i>
Over 100,000 (List actual gallons, e.g., 120,000)	<i>0</i>	<i>0</i>
Total Bills	<i>271</i>	<i>271</i>

Amended 8-20-8

Company Name: <u>Utility Systems LLC/Garden Water</u>	Test Year Ended: <u>Dec. 31, 2007</u>
Meter Size: <u>5/8" x 3/4"</u>	2 nd Quarter Ended: <u>June 30, 2007</u>

BILL COUNT WORKSHEET 2ND QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2 ND QUARTER
- 0 -	57	57
1 to 1,000	105	105
1,001 to 2,000	32	32
2,001 to 3,000	19	19
3,001 to 4,000	11	11
4,001 to 5,000	12	12
5,001 to 6,000	5	5
6,001 to 7,000	5	5
7,001 to 8,000	6	6
8,001 to 9,000	3	3
9,001 to 10,000	3	3
10,001 to 12,000	2	2
12,001 to 14,000	5	5
14,001 to 16,000	3	3
16,001 to 18,000	0	0
18,001 to 20,000	0	0
20,001 to 25,000	2	2
25,001 to 30,000	1	1
30,001 to 35,000	0	0
35,001 to 40,000	0	0
40,001 to 50,000	1	1
50,001 to 60,000	0	0
60,001 to 70,000	0	0
70,001 to 80,000	0	0
80,001 to 90,000	0	0
90,001 to 100,000	0	0
Over 100,000 (List actual gallons, e.g., 120,000)	0	0
Total Bills	272	272

Amended 8-20-8

Company Name: <u>Utility Systems, LLC/Garden Water</u>	Test Year Ended: <u>Dec. 31, 2007</u>
Meter Size: <u>5/8" x 3/4"</u>	3 rd Quarter Ended: <u>Sept. 30, 2007</u>

BILL COUNT WORKSHEET 3RD QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3 RD QUARTER
- 0 -	42	42
1 to 1,000	91	91
1,001 to 2,000	45	45
2,001 to 3,000	24	24
3,001 to 4,000	19	19
4,001 to 5,000	16	16
5,001 to 6,000	9	9
6,001 to 7,000	7	7
7,001 to 8,000	3	3
8,001 to 9,000	4	4
9,001 to 10,000	3	3
10,001 to 12,000	3	3
12,001 to 14,000	1	1
14,001 to 16,000	0	0
16,001 to 18,000	0	0
18,001 to 20,000	0	0
20,001 to 25,000	0	0
25,001 to 30,000	0	0
30,001 to 35,000	0	0
35,001 to 40,000	0	0
40,001 to 50,000	1	1
50,001 to 60,000	0	0
60,001 to 70,000	0	0
70,001 to 80,000	0	0
80,001 to 90,000	0	0
90,001 to 100,000	0	0
Over 100,000 (List actual gallons, e.g., 120,000)	0	0
Total Bills	268	268

Amended 8-20-8

Company Name: <u>Utility Systems, LLC / Gardner Water</u>	Test Year Ended: <u>Dec. 31, 2007</u>
Meter Size: <u>5/8" X 3/4</u>	4 th Quarter Ended: <u>Dec. 31 2007</u>

BILL COUNT WORKSHEET 4TH QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4 th QUARTER
- 0 -	93	93
1 to 1,000	104	104
1,001 to 2,000	34	34
2,001 to 3,000	18	18
3,001 to 4,000	8	8
4,001 to 5,000	7	7
5,001 to 6,000	3	3
6,001 to 7,000	2	2
7,001 to 8,000	0	0
8,001 to 9,000	0	0
9,001 to 10,000	0	0
10,001 to 12,000	1	1
12,001 to 14,000	0	0
14,001 to 16,000	0	0
16,001 to 18,000	0	0
18,001 to 20,000	0	0
20,001 to 25,000	0	0
25,001 to 30,000	0	0
30,001 to 35,000	0	0
35,001 to 40,000	0	0
40,001 to 50,000	0	0
50,001 to 60,000	0	0
60,001 to 70,000	0	0
70,001 to 80,000	0	0
80,001 to 90,000	0	0
90,001 to 100,000	0	0
Over 100,000 (List actual gallons, e.g., 120,000)	0	0
Total Bills	270	270

Amended 8-20-8

Company Name: <u>Utility Systems, LLC/Gardner Water</u>	Test Year Ended: <u>Dec. 31, 2007</u>
Meter Size: <u>5/8" x 3/4"</u>	

BILL COUNT SUMMARY

	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
- 0 -	121	57	42	93	313
1 to 1,000	95	105	91	104	395
1,001 to 2,000	19	32	45	34	130
2,001 to 3,000	11	19	24	18	72
3,001 to 4,000	13	11	19	8	51
4,001 to 5,000	3	12	16	7	38
5,001 to 6,000	2	5	9	3	19
6,001 to 7,000	2	5	7	2	16
7,001 to 8,000	1	6	3	0	10
8,001 to 9,000	1	3	4	0	8
9,001 to 10,000	0	3	3	0	6
10,001 to 12,000	1	2	3	1	7
12,001 to 14,000	1	5	1	0	7
14,001 to 16,000	0	3	0	0	3
16,001 to 18,000	0	0	0	0	0
18,001 to 20,000	0	0	0	0	0
20,001 to 25,000	1	2	0	0	3
25,001 to 30,000	0	1	0	0	1
30,001 to 35,000	0	0	0	0	0
35,001 to 40,000	0	0	0	0	0
40,001 to 50,000	0	1	1	0	2
50,001 to 60,000	0	0	0	0	0
60,001 to 70,000	0	0	0	0	0
70,001 to 80,000	0	0	0	0	0
80,001 to 90,000	0	0	0	0	0
90,001 to 100,000	0	0	0	0	0
Over 100,000 (List actual gallons, e.g., 120,000)	0	0	0	0	0
Total Bills	271	272	268	270	1081

Amended 8-20-8

HC2 BOX 164-H
PAYSON, AZ 85541
(928) 478-0010

JOB WORK ORDER

BILL TO: Utility Systems, LLC		DATE: 11-15-07	
ADDRESS:		START DATE:	
CITY, STATE, ZIP		<input type="radio"/> DAY WORK <input type="radio"/> CONTRACT <input type="radio"/> EXTRA ADD-ON	
PHONE:			
JOB NAME:			
LOCATION:		PHONE:	
CUSTOMER ORDER NO.	ORDER TAKEN BY:	MECHANIC:	HELPER:

DESCRIPTION OF WORK		
Reimbursement of expenses For internet Access		159.20
PAID 11-15-7		
		TOTAL MATERIALS:
		TOTAL LABOR:
		TAX:
DATE COMPLETED:	WORK ORDERED BY:	TOTAL AMOUNT: \$159.20

☐ NO ONE HOME ☐ TOTAL AMOUNT DUE ☐ BILLING TO BE MAILED

I HEREBY ACKNOWLEDGE THE SATISFACTORY COMPLETION OF WORK DESCRIBED ABOVE.

SIGNATURE: _____

HC2 BOX 164-H
PAYSON, AZ 85541
(928) 478-0010

BILL TO:		DATE: 12-7-7	
ADDRESS:		START DATE:	
CITY, STATE, ZIP		<input type="radio"/> DAY WORK <input type="radio"/> CONTRACT <input type="radio"/> EXTRA ADD-ON	
PHONE:			
JOB NAME:			
LOCATION:		PHONE:	
CUSTOMER ORDER NO.	ORDER TAKEN BY:	MECHANIC:	HELPER:

DESCRIPTION OF WORK			
Reimbursement of expenses For 2nd Telephone Line & Long Distance calls \$200.00			
PAID 12-7-77			
		TOTAL MATERIALS:	
		TOTAL LABOR	
		TAX:	
DATE COMPLETED	WORK ORDERED BY:	TOTAL AMOUNT:	\$200.00

☐ NO ONE HOME ☐ TOTAL AMOUNT DUE ☐ BILLING TO BE MAILED

I HEREBY ACKNOWLEDGE THE SATISFACTORY COMPLETION OF WORK DESCRIBED ABOVE.

SIGNATURE: _____

Parts For Water line Defreeze Machine

THE HOME DEPOT 0422
2000 NORTH BEELINE HWY
PAYSON, AZ 85541 (928)468-0339

SALE 0422 00013 72895 01/29/07
41 TFT91J 01:10 PM



013158389996 MICROTUBE <A>	
285.97	11.94
030192083307 5GALLON KERO <A>	33.97
4710614160019 150FT HOSE <A>	
2929.00	58.00
685768236375 1/4RFCPTB50' <A>	
3934.92	104.76
046878582712 BRSSHOFPCPLG <A>	3.91
013158800002 BARB <A>	4.96
048643070363 1/4COMPUNION <A>	
402.43	9.72
048643070455 1/4X1/2CCNCT <A>	3.50
048643071926 ADAPTER <A>	3.16
032888050037 1/2 STOP VLV <A>	4.35
013204202309 KEROS HRT <A>	124.00
SUBTOTAL	362.27
SALES TAX	31.59
TOTAL	\$393.86
XXXXXXXXXXXX3864 VISA	393.86
AUTH CODE 061215/7130024	TA

0422 13 72895 01/29/2007 8422

RETURN POLICY DEFINITIONS
POLICY ID DAYS POLICY EXPIRES ON
A 1 90 04/29/2007

THE HOME DEPOT RESERVES THE RIGHT TO
LIMIT / DENY RETURNS. PLEASE SEE THE
RETURN POLICY SIGN IN STORES FOR
DETAILS.

NOW HIRING SPRING SEASON ASSOCIATES
PT/FT APPLY TODAY IN-STORE OR ON-LINE
AT: STORECAREERS.HOMEDEPOT.COM/HOURLY
